

**EXHIBIT 1606 TO
CISNEROS DECLARATION
REDACTED VERSION
(PART 2 OF 2)**

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Overview

Google

The [REDACTED] is an annual program for increasing Googlers' equity stake in the company. [REDACTED]
[REDACTED]

Who gets a grant?

[REDACTED]
[REDACTED]

Are employees in all countries eligible to receive grants?

[REDACTED]

When will grants be made?

[REDACTED]
[REDACTED]

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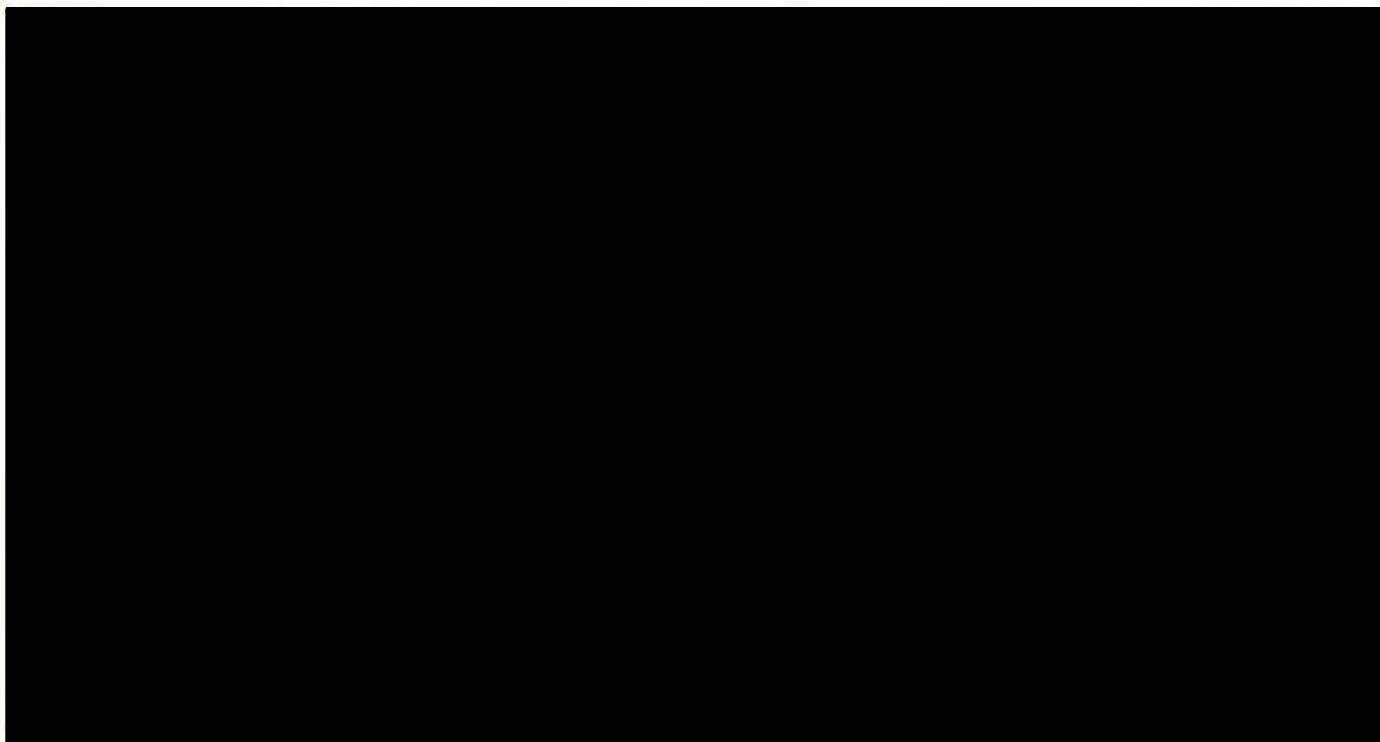
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Determining Refresher Grant Payouts

Google



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- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

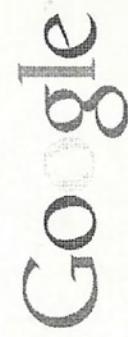
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Compensation Components

Sign-on Bonus and Relocation



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Sign-on Bonus

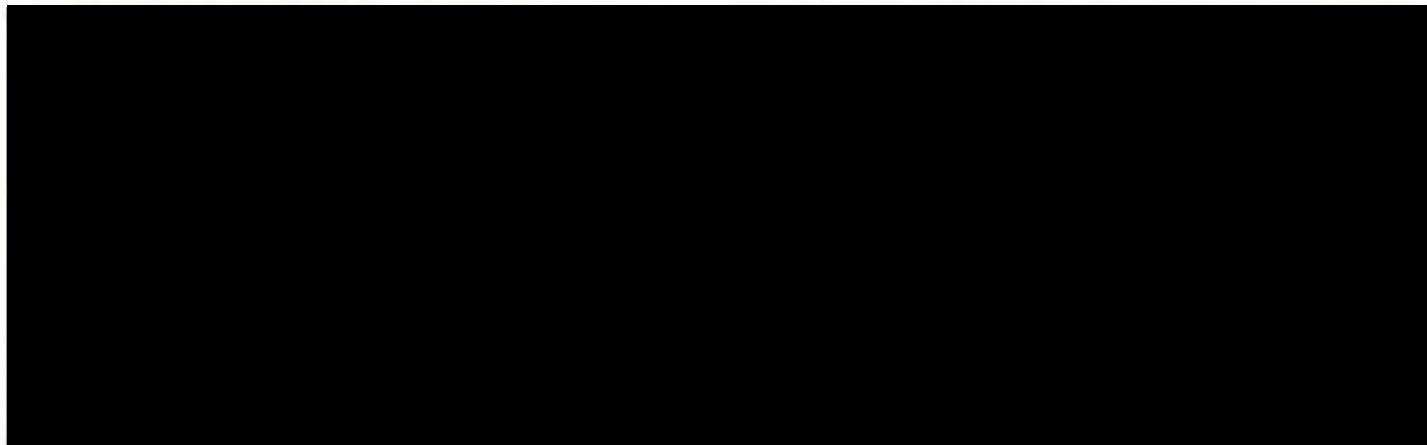
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Short-term vehicle and should used for “must-have” candidates

Offsetting legitimate issues not addressed by the other total reward elements

When to use a sign-on

When NOT to use a sign-on



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Relocation Packages (U.S)

Google

Core Plan:

- [REDACTED]

Homeowners Plan:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Executive Plan:

- [REDACTED]

**** Plan should be noted in OWF ****

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Compling an Offer

Google

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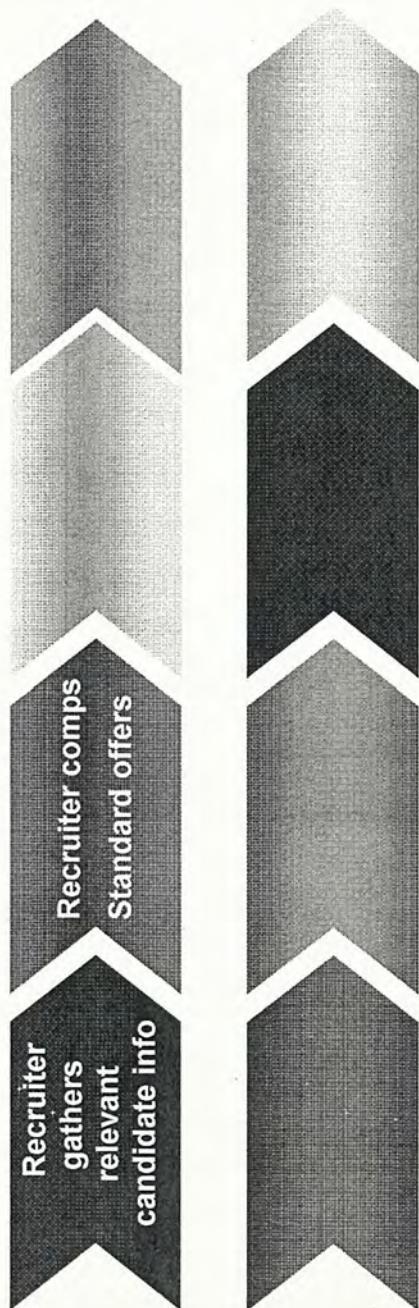
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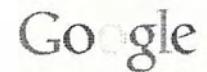
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Process

Google



Example/Scenario – Creating an offer



- Tommy Candidate

- B.S and M.S. from Stanford University in Computer Science
- 3 years experience at IBM
- Specialized in _____
- Current base salary is \$72,000
- Competing Offer

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Example/Scenario – Selling an offer

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Executive Review and Equity Changes

Google

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Roles and Responsibilities

Google

- Compensation Team's role

- Communicate offer parameters by level, role
- Establish a "Service Level Agreement" for offer turnaround and volume
- Train Lead Recruiters on Compensation design and offer process, and maintain training materials
- Comp offers for non-standard Jobs
- Be a consultant on challenging circumstances and questions
- Provide analytic work for variance from guidelines and quality assurance

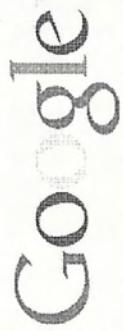
- Lead Recruiter's role

- Responsible for training Recruiters and meeting guidelines
- Recruiter adherence to process, parameters and guidelines
- Point of contact for compensation communications

- Recruiter's role

- Understand offer process and systems
- Make offers by applying rules set by Compensation
- Understand Google's Compensation philosophy and practices
- Sell the offer: our value proposition is not solely compensation

Miscellaneous



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International Compensation

Google

International Relocation

- [REDACTED]
- [REDACTED] [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

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Candidate Renegotiation

Google

- “Candidate Request Revision” in OWF
- Work with Comp Analysts to propose new offer
-

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“Exploding” Offers and Offline Approvals

Google

An “exploding” offer refers to a competing offer that a candidate must accept or decline by a specific deadline



If a candidate has an exploding offer that expires before the candidate would move all the way through the normal offer review

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
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Executive Candidates

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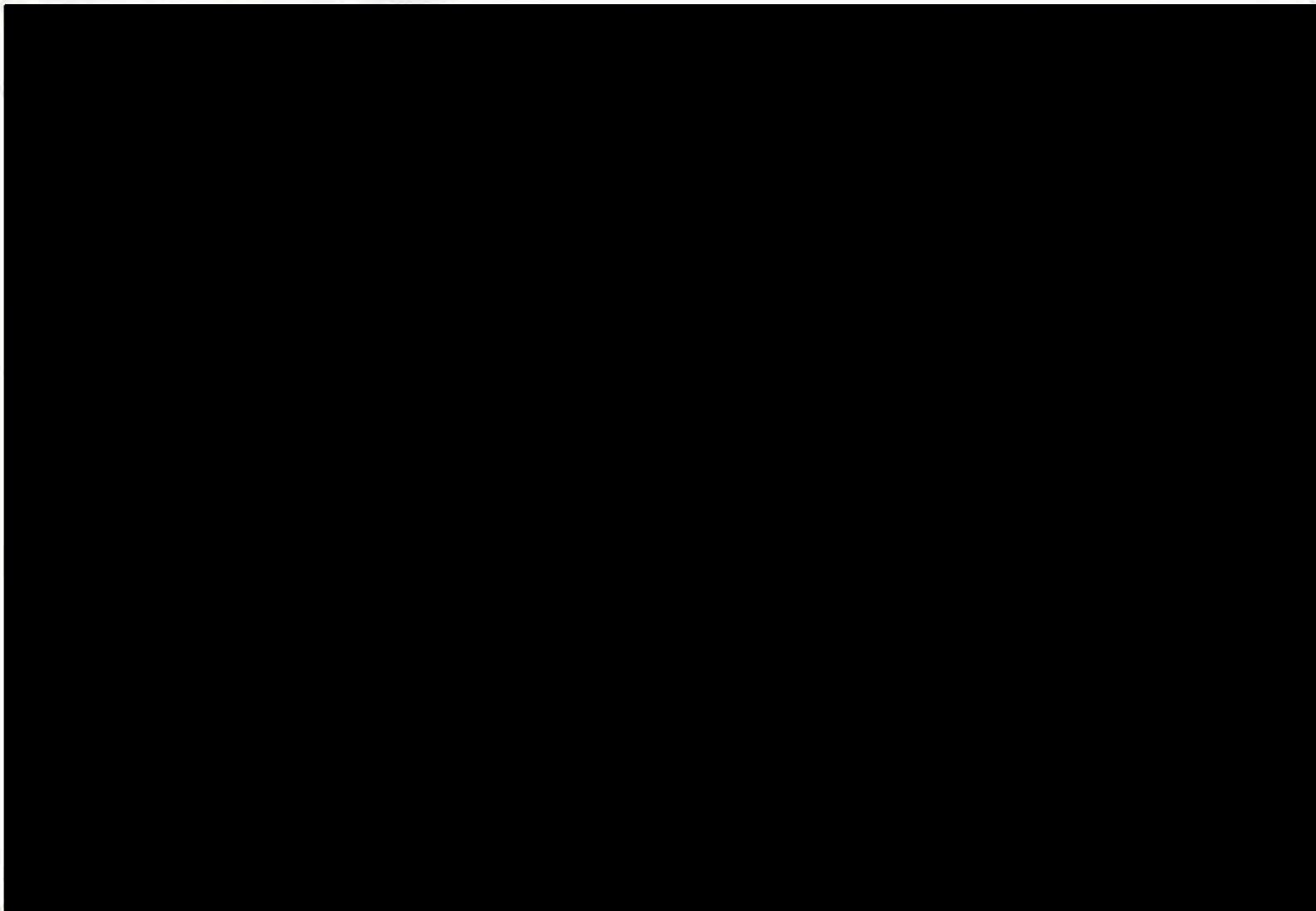
Executive Candidates generally follow the same process as all other Googlers. However, there are some unique factors to consider:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

What can you do?

- [REDACTED]
- [REDACTED]
- [REDACTED]

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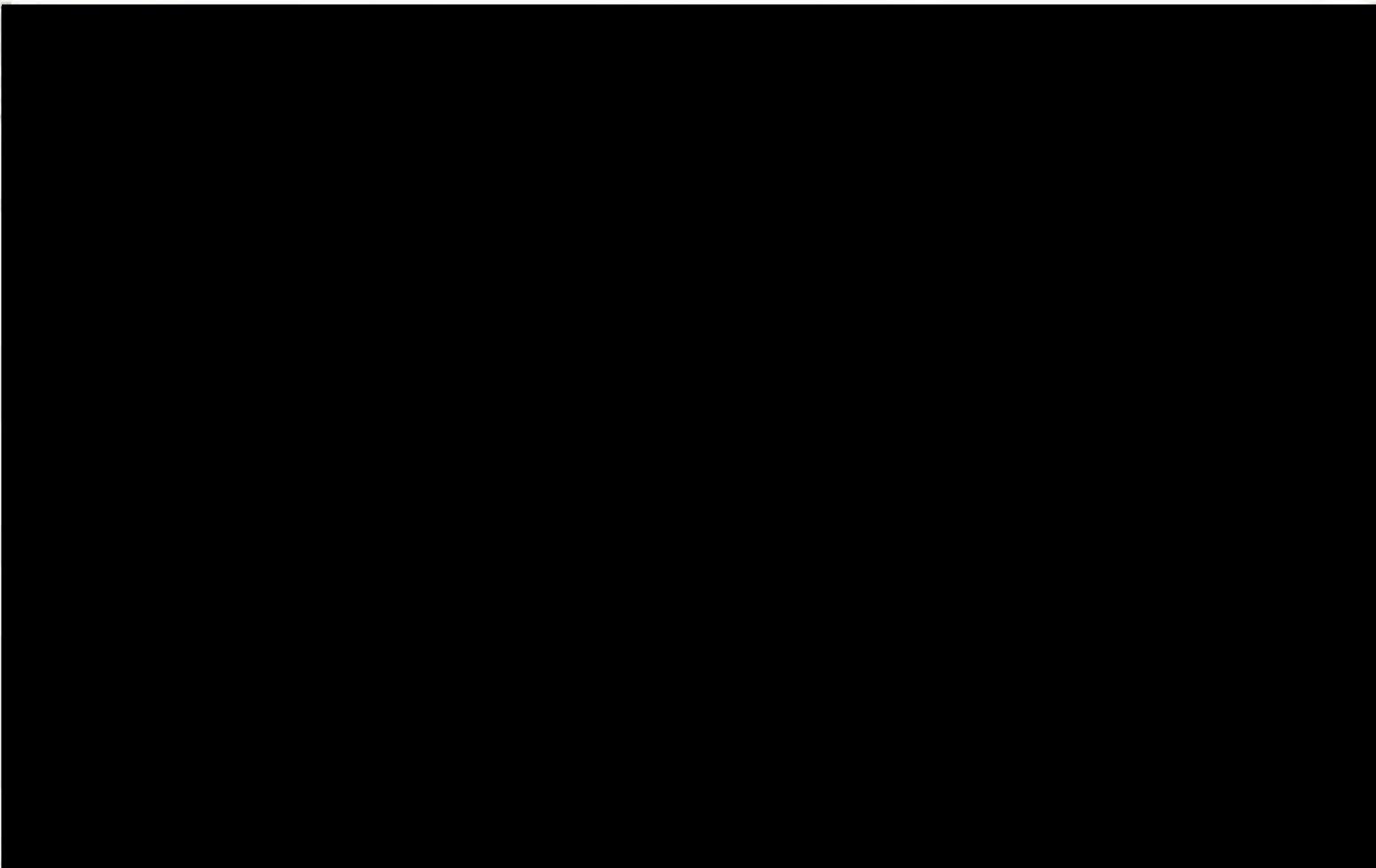


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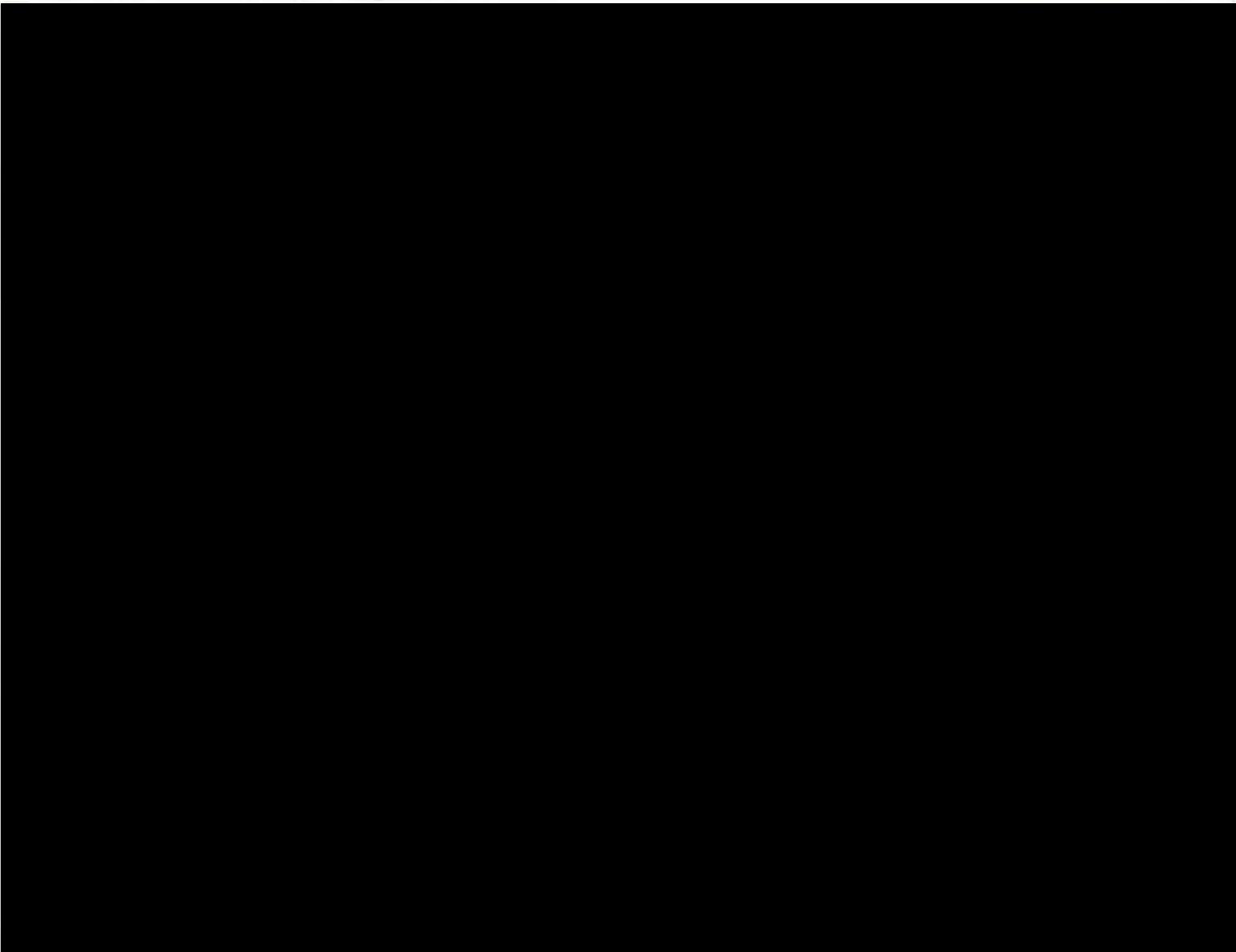


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Candidate Objections and Rebuttals

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Objection

Google

"I recognize that your overall package is great, but I can't afford to take this cut in my salary. I have certain ongoing expenses I need to meet NOW, and your bonuses and stock aren't payable until a year from now."

Recruiters meet in a group to discuss responses or discuss good vs. bad answer

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Objection

Google

"I know for a fact that my friends received a better base salary when they were hired. Why aren't I getting the same package?"

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"I feel that there's some real risk involved in your bonus program considering the impact company performance has on payouts. I would prefer the security of a higher base salary"

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"I'm taking a massive base pay and title cut. What kind of assurance can I have that this performance-based philosophy will really pay out?"

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Objection

Google

(for E2 --> N2 roles in US) "Why is this position non-exempt?
Please give more details on how it impacts my compensation
(e.g., how will my bonus work)."

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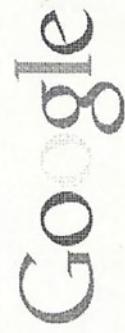
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Objection

Google

Cost of living changes?

Contacts



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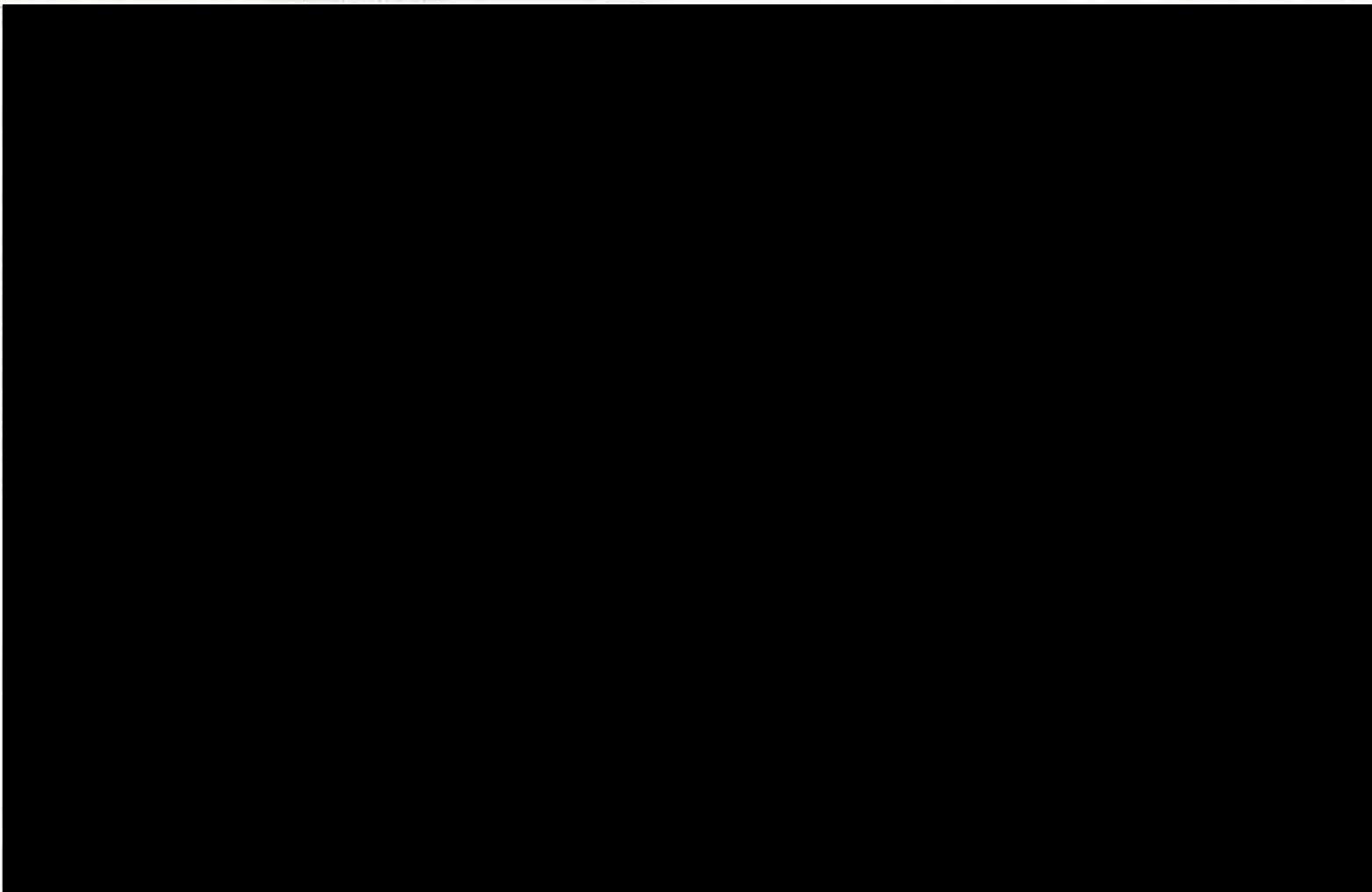
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Who's Who?

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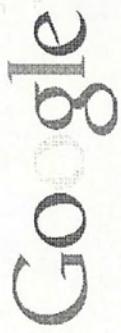
Contacts

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Region	Function/ region	Name	Email	Phone
US	Eng & Ops			
US	Sales			
US	PM, G&A			
US	backup			
EMEA	all			
EMEA	backup			
APAC	India, Singapore, Korea, Japan			
APAC	backup for Barun			
APAC	Greater China			
APAC	Australia, New Zealand (Greater China backup)			
LatAm	Sales			
LatAm	Eng			
	backup			
LatAm	PSGA			

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Questions?

Leveling: Add as notes to comp practice

Google

- Quality bar is extremely high
- Consequently there is a tendency to seek out candidates that are over-qualified because recruiters feel that those individuals will have the best chance of meeting our hiring bar
- These candidates often take the jobs because the comp is still competitive. However, they may grow tired of the role after time – leads to apathy or higher attrition
- Important to attempt to find and level candidates appropriately

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Leveling and Titles

Google

- Titles are not particularly important at Google.
 - Flat organization
 - Reinforces democratic/egalitarian culture
 - Performance rather than position is valued
- Consequently new employees sometimes take “title cuts” (i.e., VP at past organization may equal Director at Google)
- Google comps for position at Google, not past role – leads to confusion about market ranges and appropriate comp. Market ranges are different for VP vs. Director.
- Google sells this strategy through growth potential
- Can create a disconnect between title vs. role vs. comp

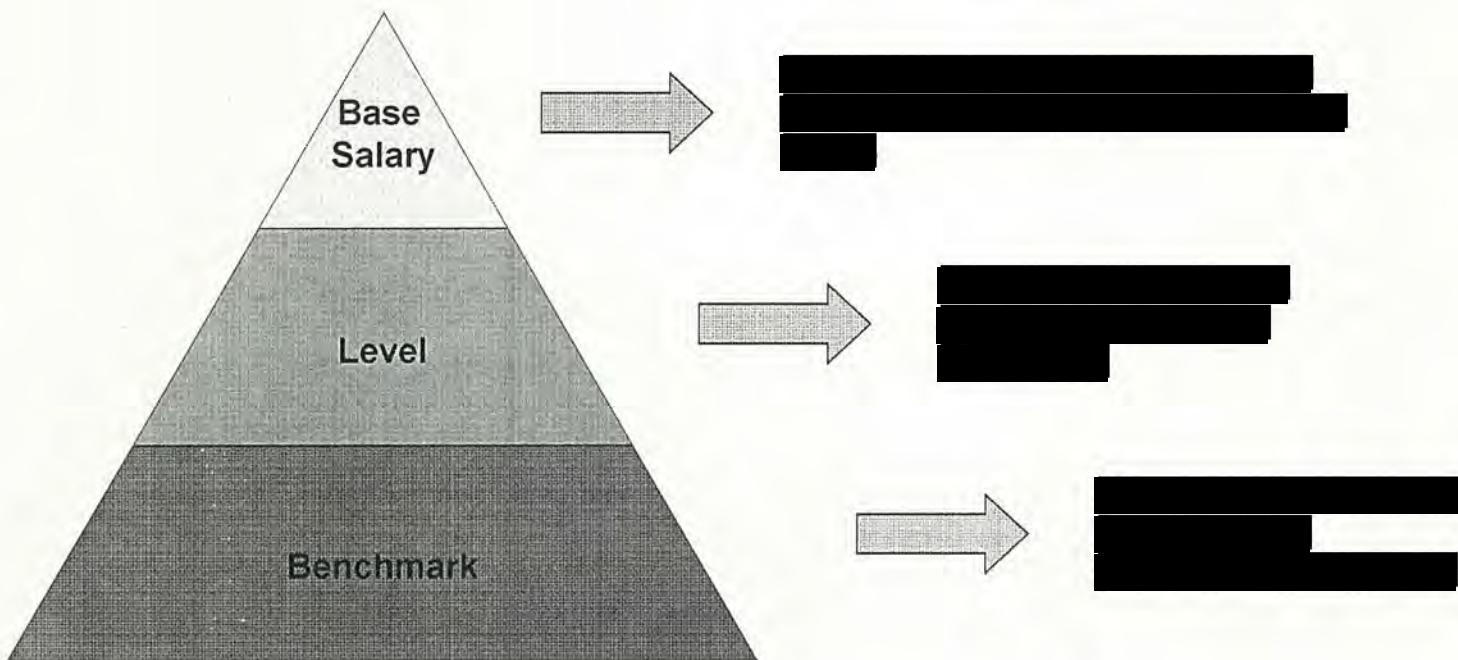
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Determining Base Comp



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Slide Notes

Slide 3:

Philosophy

Pay History

Total Renumeration Value Proposition

Components

Base Salary

Benchmarking

Leveling

Setting Base

Bonus Programs

Company Bonus Program

Sales Incentive Program

Long Term Incentives

Stock Options

GSUs

TSO Program

Sign-on Bonus and Relocation

Comping an Offer

Process

Application/Example

Executive Review (equity changes)

Roles and Responsibilities

Miscellaneous

Annual Review

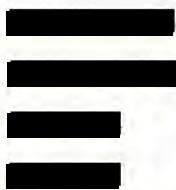
International Comp

Candidate Renegotiation

Exploding Offers

Executive Candidates

Slide Notes



Objections and Rebuttals

Contacts

Questions

Slide 4:

Why did we establish this policy?

We want to reward high performers – incentive for hard work and great achievements

Share in the success of Google as a company – people are given agency

Tied to the culture – very little micromanagement.

If there was just a base salary people may not work hard. What is pay designed to do? Pay as motivation.

Mixed arrangement of stock options and GSUs offer downside protection

Through equity employees are tied into the success of Google

Aligns employee and company success

We give equity to everyone. Rare – Most companies just give equity to manager level and above -- inclusion

Slide Notes

80% of US companies have bonus programs for employees

We can afford to pay this way.

We want to promote innovation and performance

Companies that pay high base, low bonus want to attract a stable workforce that will stay until retirement
– we aren't attracting those kinds of people

Slide 5:

Our compensation philosophy today (for non-Sales) is to target compensation at the █ percentile for each of salary, total cash, and stock compensation.

What does this mean?

█ percentile means we want to pay more than █ of companies and less than █ of companies for the same job in the same local market.

It doesn't mean we target our compensation to be the highest. If you compare your salary with enough of your friends doing similar work at other companies, you should expect to find █ getting higher salaries

However, if you were to compare actual total compensation, you might find Google compensation to be much higher, or even highest

Our compensation philosophy has been evolving as we have been evolving

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Slide Notes

Slide 9:

Compensation at Google is a lot more than just salary. When we talk about compensation we mean *total* compensation. When you add in bonuses and annual stock vesting, compensation at Google becomes more and more competitive. So if you're going to compare Google compensation to compensation at other companies, add all the pieces together.

One thing that's uncommon about Google's compensation is what we mean by target. When other companies say target they mean max. When we say target we mean target – and we expect there's a very strong chance you will be paid above target in your *actual* compensation. Actuals shown here are averages for the last year, but actual bonuses and stock compensation can vary dramatically based on both your performance and the company's performance.

Slide 12:

Cost of Living vs. Cost of Labor

We set our pay levels consistent with our philosophy based on the role at Google and the local market. Essentially, we pay for cost of labor NOT cost of living.

Slide 15:

When confirming the candidate's level, consider how they compare against our Google incumbents.

How does this candidate's education and experience compare to their Google peers?

What specialized skills or critical knowledge might they bring?

Use this information about the candidate to determine where they should be placed in our nine tier system of salary levels, which we review in Staffing Orientation.

LEVELING: Job vs. candidate

Many Lead Recruiters have a good sense of prototypical employees per level or job type. Asking the hiring manager these questions too might be a useful way to ensure that you're leveling this candidate correctly.

Slide Notes

Upon leveling the job, consider the following when determining the actual compensation:

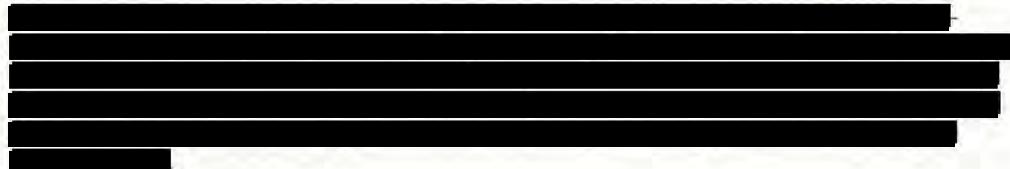
Internally consistent – target total cash should be generally consistent with offers made to individuals for Google positions with similar expected impact and risk. The comp team heavily considers this factor.

Externally competitive – target total cash should generally compete with other offers known or unknown and let candidate make a decision about the position on the basis of job content, company, and role. Google evaluates this data every year to confirm that our salary structures are consistent with external market data.

Gather data! Everything you can about the candidates current compensation, target/actual bonuses, vested/unvested equity, equity type, guaranteed bonuses, etc (I should create a checklist for this!)

Let's talk about the actual steps involved and what to think about when determining an appropriate offer...

Slide 17:



Slide 22:

Historical payouts have been [REDACTED] + of target for [REDACTED] of Googlers

Larger payouts are possible, but few in number

Slide 23:

Salary Increases

Slide Notes

Google awards salary increases based on a variety of factors including competence, how well you have accomplished the goals set with your Manager over the last year, and sustained performance. Additionally, your salary increase will be contingent on other factors, such as industry-wide averages and Company resources allocated for salary increases.

The salary review process, though still developing, is designed to be fair, consistent, and to clearly promote the link between pay and performance. The following factors will be taken into consideration in determining the amount of a salary increase:

Your job performance since your last review, i.e., accomplishments vs. objectives/goals, and how well you have performed the core responsibilities of your position;

Market competitive pay rates for your level of responsibilities; and

The current salary increase guidelines developed by the Company (these are based on industry-wide trends and the Company's operating budget).

A salary increase will not be granted if your performance did not meet expectations or if your salary has reached the maximum of the market salary range. All salary increases must be reviewed and approved by your Manager, the appropriate Director or Vice-President and Human Resources.

Slide 35:

We set up an online auction that allows employees to sell their vested stock options in real time through a tool we developed with Morgan Stanley. Options have to clear a few filters to be eligible for sale in this auction.

They have to be vested

They have to be granted post-IPO

They have to be held by non-executives.

This is a program for rank and file employees to understand and access the real value of their options.

The beauty of it is that it's simple. We know that investment banks are providing bids everyday on Google options in the public options markets, so we asked some of them to point their bidding engines over to our auction and provide our employees with bids in a similar manner. These banks use their own algorithms to stream bids in real time to a clearing engine that identifies the highest bid and shows it to employees through an interface that works like a personal brokerage account. When employees login to the auction site they can look at the prices moving up and down throughout the day and decide if they

Slide Notes

want to sell or continue to hold their options. Either way, we've succeeded in making the intangible time value tangible; and we've simplified the communication of option value.

We launched this program in April, and it's working exactly as we'd hoped. The effect has been happy and informed employees, and as we expected, *not* a rush to dump their options and take the money. Employees are saying WOW, these options really are valuable – some are selling; but many are looking, seeing, understanding, and holding. Either way, we've achieved our objective of making every option held an option valued. That's good for retention, good for compensation, good for Google, and good for our shareholders.

Slide 37:

On the next slide, we've extrapolated a hypothetical TSO value curve (pink) based on Q2 actual trading data. We compared it to the value proposition of traditional options (blue). The green shaded area between the two curves is the additional value available through the TSO program at any point in time. As you would expect, similar to any Black-Scholes model calculations, the program has the least incremental value for options that significantly underwater or significantly in the money and the most value for near-the-money options.

Let's take a look at some actual transaction data on the next slide...

Slide 38:

The auction is working very efficiently as the values employees are getting are similar to what you would expect to see in the public options market or a Black-Scholes calculation.

I think it's clear that Google's TSO program is great for employees, but what does it mean for the company...?

Slide Notes

Slide 41:

Rewards high performers with an additional stake in the company's future performance in the form of stock options

Motivates high performers' contributions to Google's long-term growth rather than provide immediate value for contributions already made (cash incentive plans do that)

Creates an incentive for all employees to reach high performance levels on an ongoing basis

Slide 45:

Situations where sign-on may be appropriate



Situations where sign-on is generally NOT appropriate



How much should a sign on be?

Depends on the package and what needs to be done

Slide 59:

Slide Notes

Two award amounts ([REDACTED]), based on overall impact/contribution

Measurable improvement to customer satisfaction

Measurable efficiency gain

Measurable revenue impact

Demonstration of teamwork

Other outstanding individual or team contribution

Slide 73:

Egalitarian Culture

Example – SVP's being kicked out of a conference room because it was reserved by lower level employees and it was their time to use the room